

# ***Glacier Bay Compensation Plan Conference Calls***

## **Meeting Summary Final**

April 27, 2000  
3:00-5:00 PM

### **Introductions and Review of Public Involvement to Date**

The call convened on time and included participants from eleven conference calls sites and one individual. Leaders handed out the draft groundrules to participants. All followed the groundrules throughout the call. (Please see attached agenda and list of conference call, participants, and draft groundrules.

Abby Arnold, RESOLVE-facilitator briefly summarized where the conference calls fit into the National Park Service's (NPS) public involvement process in development of the Glacier Bay Compensation Plan. In the Fall of 1999 a representative group of parties directly affected by the closure were interviewed about their views on what kind of public involvement was appropriate. Based on recommendations from these parties the NPS and Alaska Department of Fish and Game (ADF&G) conducted 10 open houses in communities directly affected by the closure of the Glacier Bay fishery. The purpose of the open houses was to inform the public about how the new regulations impact fishing operations in Glacier Bay, and seek information on how fisherman, crewmembers, processors, communities, and others have been impacted by restrictions.

These conference calls, suggested Ms. Arnold are another informal mechanism to both inform affected parties about the progress being made to develop a compensation plan and to offer parties the opportunity to comment on issues faced by the NPS and ADF&G at this time.

### **Glacier Bay Economic Assessment**

Jim Mr. Calvin, from the McDowell group was introduced. Through a competitive proposal process, the McDowell group was hired by NPS to analyze the economic impact resulting from the closure of Glacier Bay. Jim Mr. Calvin is the principal on the project and provided an overview including the following:

- Economic Assessment Scope of work
- Methodology being used to measure each impact
- Final product envisioned
- Complexities and issues that have arisen in development of the economic assessment.

During the call many questions were asked and addressed during Mr. Mr. Calvin's presentation. This meeting summary covers the presentation and highlights issues or questions raised by conference call participants during the call.

### *Scope of Work*

The scope of work for the economic assessment is to as accurately as possible, using available existing data, measure the economic losses to all parties directly affected by the closure of Glacier Bay to commercial fishing. The economic assessment does not prioritize the losses nor is the economic assessment establishing eligibility criteria for receipt of the Compensation Funds. Setting priorities among parties and development of eligibility criteria will be part of the Compensation Plan. A draft Compensation Plan will be developed over the summer and taken to the public, for discussion, in the Fall after fishing season is over.

The focus of the analysis is Southeast Alaska and there is no distinction between residents and non-residents.

The economic assessment is based on data that has been entered into an excel-based model that segregates by category total losses to all parties. There are various categories that the McDowell group is assessing as required by the law that allocated these funds.

The categories are:

- Fishermen
- Crew
- Processors
- Processor labor
- Other businesses who supply goods and services, and
- Communities
- Others

Each unique category is handled separately. Within some categories, there are Groups. For example, in the fishermen category, a group would be permit holders for each of the following:

- Dungeness
- Halibut
- Troll
- Tanner
- Tanner pot
- Groundfish

And within groups, there are subgroups, those with a lifetime access permit (LAP), without a LAP, and those who did not fish in Glacier Bay.

### *Methodology*

The model to be used in the economic assessment is based on the following calculations:

1. Estimate of future harvest from Glacier Bay including an estimate of how the harvest will decline over time.
2. The model uses available harvest data to predict future harvest data, a schedule of closures/restrictions and lifetime permits.

3. This is then converted into a measure of marginal profit. Marginal profit is calculated by estimating gross revenue from fishing grounds minus variable costs. Using the marginal profit from the lost fishing grounds the model can predict losses to crewmembers, business (processors and other businesses), and other affected parties.

Marginal profit is a measure of the value of loss of fishing grounds. Price is determined using historical harvests and values (average prices and values). The loss of the property values of fishermen will be included in the analysis

The end product of the economic analysis will be the net present value of all future losses. That is the dollar value of future losses in perpetuity – the calculation of present day value of all future losses. Mr. Calvin further clarified that the availability of data and duration of time represented by the data limit the economic analysis. For example, data for the Glacier Bay halibut fishery covers the time since 1992, and the Tanner crab data spans 10 years (1989-1998).

Modeling the decline in the fishery is based on loss in the areas closed and other declines that occur in those areas open to commercial fishing. Ultimately the fishermen will die off, modeling how this decline occurs is difficult.

Later in the overview Mr. Calvin emphasized that the analysis has an inherent uncertainty in its predictions, because it is making a determination of future conditions. The draft report will be available in the third or fourth week of May and will be a preliminary draft subject to change. Mr. Calvin asked for ideas, insights, and data to help improve the report so that it is the best reflection of anticipated future losses.

The draft economic analysis will be available for review and comment until July 1. It was acknowledged that this is in the middle of the fishing season, however in order to get checks on the street as soon as possible, the economic analysis needs to be completed so that the next phase of program development is prepared– the compensation plan.

One conference call participant suggested that the value of some fisheries has changed as management regimes are modified. For example, the conditions regarding the halibut fishery differs dramatically before and after IFQ's. After the IFQ's were instituted each pound of fish is receiving greater value. This representative of fishermen mentioned that frozen fish (pre IFQ) receives less per pound than fresh (post IFQ). Mr. Calvin suggested that these kinds of observations are exactly what he needed to improve the quality of the economic analysis.

#### *Comments and Responses*

The phone call then turned to a series of comments, questions, and answers summarized below:

- Decline of the fishery is a function of loss of areas permanently closed to all fishermen and in those areas remaining open, the decline associated with attrition due to retirement or death of those with lifetime access permits. The

economic analysis currently uses best known retirement rates – or 25 years. Mr. Calvin recognized that retirement rates are not “linear” and realistically there may be less retirement in the short term, but over a longer period of time retirement rates would increase.

- The assessment is based on how many people qualify for lifetime access permits and who harvests in open areas of the Bay.
- Conducting more detailed analysis of each permit holders’ age would not materially change the “average” retirement age. When it is time to review specific applications, the criteria could ask for time fished in the bay, but this kind of data is not being sought for the economic analysis.
- The economic assessment does not model *each* community’s economy, for example, it will not be able to model loss of population in a particular community. But it will assess the reach (or multiplier effect) of the dollars associated with a given fish and fish product and the predicted losses.
- By estimating marginal profit, the model will make some estimates of the loss to a “total” fishery that will be lost as a function of closures in Glacier Bay.
- The economic assessment is not bound by the \$23 million appropriation. The economic assessment will develop a dollar estimate lost – which may be more or less than the \$23 million.
- Notwithstanding one parties’ concern for compensating fishermen first, the legislation does not provide for “prioritizing” among categories (fishermen *vs.* communities, for example). Ultimately, when the compensation plan is developed, the NPS will seek advice about how to address priorities within categories (*within* the fishing, or community category).
- The issue of longevity, how long someone was in the fishery, will be considered in the eligibility for compensation funds and is not part of the economic assessment.
- Actual losses of individuals will be addressed in the compensation plan qualifying criteria, not the economic assessment. (Further, actual losses to fishermen, for example, will depend on success in replacing lost fish revenue due to the closure).

At the end of questions on the economic assessment a number of comments were made by participants:

- There is a loss to quality of life that is not being considered in the economic assessment, these are values that continually are not recognized and impact individuals in ways difficult to measure.
- The \$23 million appears inadequate to provide compensation for all the losses for example, to fishermen, processors, and to communities, schools, and loss of people to urban centers
- Don’t schedule meetings during the summer when most of the parties affected by the closure are making a living. Lengthen the process so it does not overlap with the fishing season.
- When the \$23 million appropriation was passed, the Senate envisioned a quick process. Speed up the schedule and cut the checks in the next few months.

Parties were assured that no final decisions on the compensation plan would be made during the summer season. The NPS and ADF&G anticipate an involved public process in the Fall, after fishing season to discuss qualifying criteria and compensation options.

### **Complexities and Issues/Technical Questions**

The next part of the call focused on examples of the difficult technical issues the McDowell Group is addressing in modeling the economic impacts.

Mr. Calvin suggested that there are four excellent examples of the complexities and challenges:

1. Limitation of fish ticket data (we don't really know how much fish is harvested from Glacier Bay).
2. Dislocation effects (fishermen will seek alternate sites to fish and the displaced fishermen are competing for grounds other's have fished for years.)
3. Capital value effects (Very relevant to the Tanner crab fishery and processors. Loss of the fishery means potentially significant losses in value of capital investments.)
4. Duration of losses (Speculating on how long fishermen would stay in the fishery is difficult).

#### *Limitation of Fish Ticket Data-Troll Fishery*

Reliability of fish ticket data for area 114, troll fishery to determine take from Glacier Bay is further complicated by the fact that the ADF&G is required to keep all fish ticket data confidential, no exceptions. Additionally, mentioned Mr. Calvin, NPS Solicitor's office wrote a memo stating that due to the Freedom of Information Act the Solicitor can not guarantee that the data if released as a one time exception will remain confidential. Parties on the call offered a number of good ideas for how to address this, however the confidentiality provision makes it difficult to use the ideas. Suggestions included:

- manually review all fish ticket data
- ask the state for an exception to the confidentiality provision, offered a fishermen
- send out a survey to all permit holders

The result is that the sum of the claims could very well exceed the sum of predicted losses. The compensation plan may want to incorporate a "contingency" if the economic assessment does undervalue the losses.

#### *Reliability of fish ticket data – Halibut*

Glacier Bay is just a part of the Area 2C permits. The question is how to predict how harvest will decline for Glacier Bay, using Statistical Area 184 data (discrete Glacier Bay reporting area). Mr. Calvin asked if parties on the call had estimates for how much of 184 data represents harvest taken from the now closed areas of Glacier Bay. One party suggested his best professional judgement is 30%. (He stated that closure of east and west arms is 20% and the Beardslee Islands are an additional 10%).

The remainder of the questions will be discussed on the May 4 conference call.

In response to one a question about budget, Dick HofMann, from ADF&G stated that the NPS and ADF&G combined budget for administrative-public involvement on this plan is about \$800,000.

### **Future Conference Calls and Adjournment**

A few additional items were added to the May 4 agenda.

- How address declining capital value of losses for processors, Tanner and Dungeness Crabbers.
- How address loss of lifestyle values
- Report on:
  - information on other compensation plan scenarios/processes?
  - schedule for development of compensation plan

Ms. Arnold, asked that Call Leaders please get participants on the calls to fill out the sign-in forms and that Call Leaders fax the forms to Dick HofMann as soon as possible.

The draft agenda for the May 4 call and this draft summary will be e-mailed to all leaders by the middle of next week.

The session adjourned at 5:10 PM.

**ATTACHMENT A**

**Glacier Bay Compensation Plan  
Conference Call 1**

Thursday, April 27, 2000

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Revised 5/10/00***

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## GROUND RULES

### Glacier Bay Compensation Plan Conference Calls

**These groundrules are proposed in order to maximize our ability to talk with one another and avoid miscommunication.**

**We will try to allow everyone who wants to address an issue to participate. If you have suggestions for additional groundrules, please contact Abby Arnold, mediator at 202/965-6211 or [aarnold@resolv.org](mailto:aarnold@resolv.org).**

**At the beginning of each call we will confirm who is on the call at each conference site. If possible, and as early in the call as possible, we will fax a list of who is at each site to each site operator. One person at each site will be responsible for establishing a "queue" of those at their site who wish to speak up during the calls.**

**At the beginning of each call we will walk through the proposed agenda for each call and each party will be asked for ideas, comments, insights and advice.**

- **Only one person speak at a time – when called on (on a conference call only one person can speak at a time, other callers will be blocked out)**
- **Do not interrupt**
  - **Introduce yourself before making a comment (so we know who is talking)**
  - **Please speak on the subject and keep your comments to a minimum (less than 2 minutes) so all on the call have an opportunity to express their opinions**
  - **Help to use the limited time efficiently - try not to be repetitive or duplicative**
  - **Expect, respect, and accept different interests, perspectives and opinions**
  - **Be tough on the issues and problems, not on people or organizations (each other)**

## ATTACHMENT C

# Glacier Bay Compensation Plan Conference Call 1

Thursday, April 27, 2000  
3:00-5:00 p.m.

### Objectives of Call:

- 1) to orient participants to conference call process;
- 2) to introduce interested parties to development of the economic assessment of the impacts of the Glacier Bay fishing restrictions and closures;
- 3) to identify and begin discussion of selected technical issues raised in developing the Economic Assessment;
- 4) to provide an opportunity for interested parties to highlight issues and concerns regarding the Economic Assessment; and
- 5) to agree on schedule of future conference calls.

### *Proposed Agenda*

- 3:00 – 3:20**     **Welcome and Introductions**  
*Abby Arnold & Lee Langstaff, Facilitators*
- 3:20 – 3:35**     **Review Agenda and Conference Call Ground Rules**  
*Abby Arnold*
- 3:35 – 3:45**     **Overview of Public Participation Process for Compensation Plan Development**  
*Abby Arnold*
- 3:45 – 4:05**     **Introduction to Economic Assessment**
- Review outline, approach and status
  - Selected Technical Challenges:
    1. What assumptions should be made regarding the retirement rate of Lifetime Access Permits (LAPs)?
    2. What assumptions should be made about the number of years an individual works as a crew member before becoming an owner him/herself or moving to a different livelihood?
    3. How to accommodate the fact that some fish ticket location data may not reflect the precise catch location with 100% accuracy?

### **Jim Calvin – McDowell Group**

- 4:05 – 4:45**     **Discussion of Technical Challenges and Identification of Other Key Questions or Concerns** - *All*
- 4:45 – 4:55**     **Summary and Next Steps** – *Abby Arnold*
- 4:55 – 5:00**     **Review of Future Conference Call Schedule** - *Abby Arnold*
- 5:00**            **ADJOURN**